The President's Message. We publish this morning the first annua message of President HAYES to Congress. It is a document of which neither the author

nor the country can ever become ashamed. It is the production of an honest man if we are capable of judging. It is the message of an independent, outspoken, sincere patriot, who has no private ends to subserveof a man who seeks not office nor the applause of the multitude, but the best means of promoting the welfare of his country. It bespeaks a man who would, if he could, have his countrymen to agree with him, but who will not flatter them by professing to agree with them when he does not, nor swerve the ninth part of a hair from the line of rectitude upon which he proposes to travel in the pursuit and performance of Such being the man it is not strange that

the first subject to which he calls the attention of Congress, after the usual almost perfunctory reference to the health, peace, and prosperity of the country, should be the course which he has pursued towards the southern States. When his letter accepting the Republican nomination for the Presidency was originally published-to which letter he refers in this message-we paid it such a compliment as to draw down upon us some severe comments from certain of our brethren of the Conservative Virginia. Now, when his first message has been published. we can safely say much more in his praise than we then said, and feel no fear that any true Southron will find fault with our words. The President promised in that letter that if elected he the Constitution and with the genius of would do all that he could to make the people of the United States forget that there was any South or any North. Well has he kept this pledge. He says in his message that the pacification of the country is the most important of all the measures that can be considered by Congress or the people. He boldly affirms that what he has done was most in harmony with the Constitution of the United States and the genius of our people. Free institutions, in a word, could not coëxist with government from Washington. Satraps and provinces belong not to this hemisphere. Military rule does not consist with republican institutions, (with a small "r.") He does not regard his southern policy as an experiment, but as a success. It is a success. It can never be anything else, whatever may take place hereafter. He is not the wisest man, says EMERSON, who does what turns out to be the best thing, but he who does what is the best thing when it is done. We have no fears, however, that laudation of the President's southern policy will ever need even these few words of qualification. The people will approve it, voluntarily, and they will compel the politicians to approve it. CONK-LING and BLAINE may mislead the fanatics of the North, but the masses of the people,

tional clock to be set back. worth of silver is equal to a dollar's worth of gold. Such a declaration would amount to nothing. Nobody would believe it. And of remaining lawlessness have become of of constitutional power and the pubso the President, whilst desiring to use silhave it pass for what it is worth, and no more. The debt of the country is owing in the money of the world. The bonds were vival of commerce between the sections of abroad, the nature of the silver-coinage sold with the understanding that they were the country lately embroiled in civil war measure, as affecting this relation of the payable in such money. And he would are fully enjoyed. Such are some of the re- Government to the holders of the public have the faith of the nation preserved. The interest has always been paid in gold, and importance that we may with confidence obligation of the public faith transcends all every bondholder purchased his bonds with patiently await the desired consummation questions of profit or public advantage oththe understanding that he was to receive his that will surely come with the natural pro- erwise. Its unquestionable maintenance is interest in that kind of coin. The Presi- gress of events. dent, therefore, would not favor a measure proposing to pay the nation's creditors in

North and South, will never allow the na-

The President does not waste much space upon civil-service reform. Nor will we. He is right in his views upon this question; but his practice has hardly squared with his precepts, and we are not sure that it is possible for him, under the circumstances, to do more than he has done to aid in this sort

The President refers appropriately to the state of affairs upon the Rio Grande. We are ahead of him on this subject, and also on the question of looking after Cuba. His aggressive policy, if such it may be termed, meets with our approval almost as fully as it would if it were still more vigorous.

His reference to the army furnishes him another occasion for defending his southern policy. We have said enough on that topic. His reference to the Postmaster-General's report reminds us that Mr. Key has recommended a change in the postal laws which will bring him much applause-namely, that all matter sent from the office of publication of a newspaper and registered and weighed together shall go at the rate of two cents per

recommendation; and a capital one it is. The President does not forget the colored people. He is a little touched with fanaticism on this one subject, we fear. His appointments of Douglass and Langston to important offices were unwise acts looked at from our point of view. Nevertheless, as Mr. Lincoln, the best of Republicans, was the unconstitutional emancipator of the slaves-we rejoice that they are free-Mr. Haves may be excused for pandering to the prejudices of the Western Reserve general importance to the people of this the national indebtedness in a coinage of of his grand State of Ohio. But the negroes can never be protected from Washington. The southern people, let alone, will restoration of the currency to that normal the public credit. do a better part by the negroes than all of and healthful condition in which, by the rethe watchfulness recommended to Congress sumption of specie-payments, our internal

by the President can accomplish. The President tells us what of course we knew-and he knew that we knew-that the intrinsic money of the world. In the pledge of public faith. The Government the country is at peace with all the world. He is brief in his references to these sub- sought and compassed as speedily and scjects; and we commend to the reader the

message itself. The President recommends a tariff of unanimity than is found to concur in the ten cents per pound on tea and two specific measures which will bring the of interest on the national debt to an cents on coffee. We must think of this recommendation before concurring in it. He says we may thus get rid of all internal taxes except upon whiskey, beer, tobacco, and spirits. Leave out tobacco, Mr. Presi- give to the subject, I am but the more con- ordinary uses of currency in the every-day dent, and we'll join bands with you, We tirmed in the opinion which I expressed in fransactions of life and prescribing the are for any sort of a tariff that will rid us

of the internal-revenue system. The President promises to sign any proper bill which Congress may pass in aid

the perusal of our readers.

of Representatives: at the beginning of your first regular session you find our country blessed with health and peace and abundant harvests, and with encouraging prospects of an early return of general prosperity.

To complete and make permanent the pacification of the country continues to be and, until it is fully accomplished, must remain the most important of all our national interests. The earnest purpose of good citizens generally to unite their efforts in this endeavor is evident. It found decided expression in the resolutions announced in 1876 by the national conventions of the leading political parties of the country. There was a wide spread apprehension that the momentous results in our progress as a nation, marked by the recent amendments to the Constitution, were in imminent jeopardy; that the good understanding which prompted their adoption in the in-terest of a loyal devotion to the general welfare might prove a barren truce, and that the two sections of the country, once engaged in civil strife, might be again almost as widely severed and disunited as they were when arrayed in arms against

The course to be pursued which in my judgment seemed wisest in the presence of this emergency was plainly indicated in my inaugural address. It pointed to a time which all our people desire to see, when a genuine love of our whole country, and of money and regulate the value thereof," and all that concerns its true welfare, shall sunplant the destructive forces of the mutual animosity of races and of sectional hostility. Opinions have differed widely as to quality which shall the measures best calculated to secure this great end. This was to be expected. The measures adopted by the Administration have been subjected to severe and varied criticism. Any course whatever which of public expediency. Without intruding might have been entered upon would certainly have encountered distrust and opposition. These measures were, in my judgment, such as were most in harmony with our people, and best adapted, under all the Constitution on the President of recomcircumstances, to attain the end in view. Beneficent results, already apparent, prove that these endeavors are not to be regarded as a mere experiment, and should sustain and encourage us in our efforts. Already, in the brief period which has elapsed, the immediate effectiveness, no less than the justice of the course pursued, is demonstrated, and I have an abiding faith that time will furnish its ample vindication in the minds of the great majority of my fellow-citizens. The discontinuance of the use of the army for the purpose of upholding local governments in two States of the Union was no less a constitutional duty and requirement, under the circumstances existing at the time, than it was a much-needed measure for the restoration of local selfgovernment and the promotion of national harmony. The withdrawal of the troops from such employment was effected deliberately, and with solicitous care for the peace and good order of society, and the protection of the property and persons and every right of all classes of citizens. The results that have followed are indeed

significant and encouraging. All apprehension of danger from remitting those States to local self-government is dispelled, and a people has begun and is in progress in every for suspicion, distrust, and aversion, concord, friendship, and patriotic attachment to the Union. No unprejudiced mind will coinage, regulating its value and imparting deny that the terrible and often fatal collis- to it the quality of legal-tender, it seems to ions which for several years have been of me of great importance that Congress should frequent occurrence, and have agitated and not lose sight of its action as operating in a ly confirmed the belief in the great advanexactly the right position. He wishes to alarmed the public mind, have almost enutilize both silver and gold, but he is not tirely ceased, and that a spirit of mutual tions. If the United States Government strictly the plan of the Constitution, which willing to declare by law that ninety cents' forbearance and hearty national interest were free from a public debt its legislative imposes upon the Executive the sole duty has succeeded. There has been a gen- dealing with the question of silver coinage eral reestablishment of order, and of the would be purely sovereign and governorderly administration of justice; instances mental, under no restraints but those ver, wishes to employ it honestly. He would bulence have disappeared; useful indus- legislation. But in the actual tries have been resumed; public credit in the stances of the nation, with a vast public southern States has been greatly strength- debt distributed very widely among our ened; and the encouraging benefits of a re- own citizens, and held in great amounts also sults already attained, upon which the coundebt, becomes an element in any proposed try is to be congratulated. They are of such legislation of the highest concern. The

nation to protect, by all available and proper silver dollars worth less than gold dollars. | means, under the Constitution and the laws, the lately emancipated race in the enjoyment of their rights and privileges; and I | the rate of six per cent., and \$708,000,000 at urge upon those to whom heretofore the the rate of five per cent., and the only way colored people have sustained the relation in which the country can be relieved from of bondmen the wisdom and justice of hu- the payment of these high rates of interest mane and liberal local legislation with re- is by advantageously refunding the indebtspect to their education and general welfare. | edness. Whether the debt is ultimately paid A firm adherence to the laws-both national | in gold or silver coin is but of little moment and State-as to the civil and political rights | compared with the possible reduction of inof the colored people, now advanced to full terest one third, by refunding it at such reand equal citizenship; the immediate re- duced rate. If the United States had the pression and sure punishment by the national and local authorities, within their respec- ver coin, the little benefit from that process tive jurisdictions, of every instance of lawlessness and violence toward them, is re- jurious effect of such payment, if made or quired for the security alike of both races, and is justly demanded by the public opinion of the country and the age. In this way the restoration of harmony and good-will, when gold became the only unlimited legaland the complete protection of every citizen, in the full enjoyment of every constitutional right, will surely be attained. Whatever authority rests with me to this end, I shall not hesitate to put forth. Whatever belongs to the power of Congress and the the gold dollar. jurisdiction of the courts of the Union, they may confidently be relied upon to provide and perform. And to the legislatures, the courts, and the executive authorities of the | pudiation of the full obligation assumed. several States, I earnestly appeal to secure by adequate, appropriate, and seasonable pound. Such we understand to be Mr. KEY's means within their borders-these common and uniform rights of a united people which loves liberty, abhors oppression, and reveres justice. These objects are very dear to my heart. I shall continue most earnestly to strive for their attainment. The unforseen fall in silver bullion to pay in a cordial cooperation of all classes-of all sections of the country and of both races-is required for this purpose; and with these States to coin money and to regulate the blessings assured, and not otherwise, we value thereof ought never to be exercised may safely hope to hand down our free in- for the purpose of enabling the Government

generations that will succeed us. country, I cannot be mistaken, I think, in less commercial value than the money of regarding as preeminent the policy and the world would involve a violation of the is now being used to a considerable extent tion of the claims. measures which are designed to secure the | public faith and work irreparable injury to | trade and foreign commerce may be brought into harmony with the system of exchanges of the United States to pay their bonded which is based upon the precious metals as debt in coin. The act was accepted as a public judgment that this end should be curely as the resources of the people and the wisdom of their Government can accomplish, there is a much greater degree of country to this desired end, or the rapidity of the stels by which it can be safely

reached. Upon a most anxious and deliberate examination which I have felt it my duty to dency and again upon my inauguration.

rredeemable to a redeemable paper cur-Fellow-Citizens of the Senate and House rency, would only tend to increase and Giver of all good I congratulate you that dishonor, and disaster in the financial affairs conditions of a near approach to equality mischiefs which I apprehend, and carnestly deprecate, are confined to no class of the people indeed, but seem to me most masses, whether their occupations are To of skilled or common labor. in money which is itself fixed in exchangeable value by being irrevocably measured by the labor necessary to its production. This permanent quality of the money of the people is sought for, and can only be gained by the resumption of specie-payments. The rich, the speculative, the operating, the moncy-dealing classes, may not always feel the mischiefs of, or may find casual profits in, a variable currency, but the mistortunes of such a currency to those who are

paid salaries or wages are inevitable and remediless. Closely connected with this general subject of the resumption of specie-payments, s one of subordinate but still of grave importance-I mean the relidjustment of our coinage system, by the renewal of the silver dollar as an element in our specie currency endowed by legislation with the quality of legal-tender to a greater or less

extent. As there is no doubt of the power of Congress, under the Constitution, "to com as this power covers the whole range of auapplicable to the metal, the thority legal-tender rated value and the be adopted for the coinage, the considerations which should induce or discourage a particular measure connected with the coinage belong clearly to the province of legislative discretion and upon this province of legislation in the least, I have yet thought the subject of such critical importance in the actual condition of our affairs as to present an occasion for the exercise of the duty imposed by the mending to the consideration of Congress 'such measures as he shall judge necessary and expedient."

Holding the opinion, as I do, that neither the interests of the Government nor of the people of the United States would be promoted by disparaging, silver as one of the two precious metals which furnish the coinage of the world, and that legislation which looks to maintaining the volume of intrinsic money to as full a measure of both metals as their relative commercial values will permit would be neither unjust nor inexpedient, I must ask your indulgence to a brief and definite statement of certain essential features in any such legislative measure which I feel it my duty to recom-

I do not propose to enter the debate, represented on both sides by such able disputants in Congress and before the people and in the press, as to the extent to which the legislation of any one nation can control this question, even within its own borders, against the unwritten laws of trade or the positive laws of other governments. The wisdom of Congress in shaping any particular law that may be presented for my approval may wholly supersede the necessity most salutary change in the minds of the of my entering into these considerations, and I willingly avoid either vague or intripart of that section of the country once the cate inquiries. It is only certain plain and theatre of unhappy civil strife; substituting | practical traits of such legislation that I desire to recommend to your attention.

In any legislation providing for a silver the dictate as well of the highest expe-It may not be improper here to say that it | diency as of the most necessary duty, and should be our fixed and unalterable determi- will ever be carefully guarded by Congress

and people alike. The public debt of the United States, to the amount of \$729,000,000, bears interest at unquestioned right to pay its bonds in silwould be greatly over-balanced by the inproposed against the honest convictions of the public creditors. All the bonds that have been issued since February 12, 1873, tender metallic currency of the country, are justly payable in coin, or in coin of equal value. During the time of these issues the only dollar that could be or was received by the Government in exchange for bonds was

To require the public creditors to take, in repayment, any dollar of less commercial value, would be regarded by them as a re-The bonds issued prior to 1873 were issued at a time when the gold dollar was the only coin in circulation or contemplated by either the Government or the holders of the bonds as the coin in which they were to be paid. It is far better to pay these bonds in that coin than to seem to take advantage of the new issue of silver coin thus made so much less valuable. The power of the United stitutions of Government unimpaired to the to pay its obligations in a coin of less value than that contemplated by the parties when Among the other subjects of great and the bonds were issued. Any attempt to pay

It was the great merit of the act of March. 1869, in strengthening the public credit that it removed all doubt as to the purpose has derived great benefit from it in the progress thus far made in refunding the public debt at low rates of interest. An adherence labors. to the wise and just policy of an exact observance of the public faith will enable the Government rapidly to reduce the burden amount exceeding \$20,000,000 per annum. and effect an aggregate saving to the United States of more than \$300,000,000 before the bonds can be fully paid.

In adapting the new silver coinage to the accepting the nomination for the presi- quality of legal-tender to be assigned to it a consideration of the first importance that the policy of resumption should be should be so to adjust the ratio between the pursued by every suitable means, and that silver and the gold coinage, which now conno legislation would be wise that should stitutes our specie currency, as to accom-

THE PRESIDENT'S MESSAGE. ing or reducing the inconvenience in- unlimited legal-tender for private trans- existence of the treaty by giving twelve were issued to the various diplomatic and In the discharge of this delicate and important transition from an actions assigned to both metals would months' notice of its intention. The Gov- consular officers of the Government, asking ant duty both officers and men actions. irresistibly tend to drive out of circulation the dearer coinage and disappoint the prinprolong disturbance in values, and, un-prolong disturbance in values, and, un-less retrieved, must end in serious disorder, view. I apprehend, therefore, that the two less retrieved, must end in serious disorder, view. I apprehend, therefore, that the two less retrieved, must end in serious disorder, view. I apprehend, therefore, that the two of the Government and of the people. The of commercial value between the gold and silver coinage of the same denomination and of a limitation of the amount for which the silver coinage is to be a legal-tender. certainly to threaten the industrious are essential to maintaining both in circulation. If these conditions can be successfully observed, the issue from the mint of them, it seems to me, it is of prime import- silver dollars would afford material assistance that their labor should be compensated ance to the community in the transition to redeemable paper money, and would facilitate the resumption of specie-payment and returned to their native country. The proits permanent establishment. these conditions I fear that only mischief and misfortune would flow from a coinage of silver dollars with the quality of unlimited legal-tender, even in private transac-

> Any expectation of temporary ease from an issue of silver coinage to pass as a legaltender at a rate materially above its commercial value is, I am persuaded, a delusion. Nor can I think that there is any substantial distinction between an original now be extended so as to apply equally to issue of silver dollars at a nominal value materially above their commercial value and the restoration of the silver dollar at a rate which once was, but has ceased to be, its commercial value. Certainly the issue of gold coinage, reduced in weight materially below its legal-tender value, would not be any the less a present debasement of the coinage, by reason of its equalling or even exceeding in weight a gold coinage which, at some past time, had been commercially the new issue.

In recommending that the regulation of any silver coinage which may be authorized by Congress should observe these conditions of commercial value and limited legaltender, I am governed by the feeling that every possible increase should be given to the volume of metallic money which can be kept in circulation, and thereby every possible aid afforded to the people in the process of resuming specic-payments. It is because of my firm conviction that a disregard of these conditions would frustrate the good results which are desired from the proposed coinage, and embarrass with new elements of confusion and uncertainty the business of the country, that I urge upon your attention these considerations. I respectfully recommend to Congress that in any legislation providing for a silver coinage, and imparting to it the quality of legal-tender, there be impressed upon the measure a firm provision exempting the public debt heretofore issued and now outstanding from payment, either of principal or interest, in any coinage of less commercial value than the present gold coinage of the country.

The organization of the civil service of the country has for a number of years attracted more and more of the public attention. So general has become the opinion that the methods of admission to it and the conditions of remaining in it are unsound that both the great political parties have agreed in the most explicit declarations of the necessity of reform, and in the most emphatic demands for it. I have fully believed these declarations and demands to be the expression of a sincere conviction of the intelligent masses of the people upon the subject, and that they should be recognized and followed by earnest and prompt action on the part of the legislative and executive departments of the Government, in pursuance of the purpose indicated.

Before my accession to office I endeavored to have my own views distinctly understood, and upon my inauguration my accord with the public opinion was stated in terms believed to be plain and unambiguous. My experience in the Executive duties has strongand responsibility of the selection of those Federal officers who, by law, are appointed, not elected; and which, in like manner, assigns to the Senate the complete right to advise and consent to, or to reject, the nominations so made; whilst the House of Representatives stands as the public censor of the performance of official duties, with the prerogative of investigation and prosecuion in all cases of dereliction. The blemsh and imperfection in the civil service may, as I think, be traced in most cases to a practical confusion of the duties assigned to the several departments of the Government. My purpose in this respect has been to return to the system established by the undamental law, and to do this with the beartiest cooperation and most cordial unlerstanding with the Senate and House of Representatives.

The practical difficulties in the selection of numerous officers for posts of widelyvarying responsibilities and duties are acknowledged to be very great. No system can be expected to secure absolute freedom from mistakes, and the beginning of any attempted change of custom is quite likely than any subsequent period. It is here that the Constitution seems to me to prove ts claim to the great wisdom accorded to t; it gives to the Executive the assistance of the knowledge and experience of the Senate, which, when acting upon nominations, to which they may be disinterested and impartial judges, secures as strong a guaranty of freedom from errors of import- on trade between the United States ance as is perhaps possible in human affairs. In addition to this I recognize the public advantage of making all nominations, as nearly as possible, impersonal, in the sense of being free from mere caprice or favor in the selection; and in those offices in which special training is of greatly-increased value believe such a rule as to the tenure of office should obtain as may induce men of proper qualifications to apply themselves industriously to the task of becoming proficients. Bearing these things in mind, I have endeavored to reduce the number of changes in subordinate places usually made not but tend to excite feelings of annoyupon the change of the general Administration, and shall most heartily cooperate with greatly to be deprecated, between the re-Congress in the better systematizing of such spective subjects and citizens of two methods and rules of admission to the publie service, and of promotion within it, as may promise to be most successful in of fraud in some of the awards) has occurmaking thorough competency, efficiency,

and character the decisive tests in these matters. I ask the renewed attention of Congress to what has already been done by the Civil-Service Commission, appointed in pursuance of an act of Congress by my predecessor, to prepare and revise civil-service rules. In regard to much of the departmental service, especially at Washington, it may be difficult to organize a better system than taken either affirming the awards to be final that which has thus been provided, and it or providing some method for reexaminaunder my direction. The Commission has Commission has rendered valuable service and will be a most useful agency in improving the administration of the civil ser- relations have already been fully restored able appropriation, to be immediately avail- all grounds of misunderstanding with able, be made, to enable it to continue its Guatemala will speedily be removed. From

tention to such measures on this subject as mercial intercourse. in my opinion will further promote the improvement of the civil service.

During the past year the United States have continued to maintain peaceful relations with foreign Powers. The outbreak of war between Russia and

Turkey, though at one time attended by grave apprehension as to its effect upon other European nations, has had no ten-

wishes to renew it in its general scope, deand shall hope that no serious obstacles may intervene to prevent or delay the negotia-

tion of a satisfactory treaty. Numerous questions in regard to passports, naturalization, and exemption from military service, bave continued to arise in cases of emigrants from Germany who have visions of the treaty of February 22, 1868, however, have proved to be so ample and so judicious that the legation of the United the same period were \$238,660,008.93, leav-States at Berlin has been able to adjust all claims arising under it, not only without detriment to the amicable relations existing between the two Governments, but it is believed without injury or injustice to any duly-naturalized American citizen. It is de sirable that the treaty originally made with the North German Union in 1868 should Il the States of the empire of Germany.

The invitation of the Government of France to particpate in the exposition of the products of agriculture, industry, and fine arts, to be held at Paris during the coming year, was submitted for your condoubted that its acceptance by the United products of American industry on that oc-

two countries. articles of the treaty of 1842 between the United States and Great Britain. Both Governments, however, are now in accord that should be allowed to frustrate the ends of justice, or to disturb the friendship between the two nations. No serious difficulty has arisen in accomplishing the extradition of criminals when neof disagreement will in due time be rations be made in a new treaty.

The Fishery Commission, under articles 18 to 25 of the treaty of Washington, has concluded its session at Halifax. The re- the revenue laws that would, without di- duce the infantry and artillery arms of sult of the deliberations of the Commission, as made public by the commissioners, will be communicated to Congress.

A treaty for the protection of trade-marks has been negotiated with Great Britain, which has been submitted to the Senate for its consideration.

The revolution which recently occurred n Mexico was followed by the accession of the successful party to power, and the installation of its chief, General Portirio Diaz, in the presidential office. It has been the custom of the United States, when such changes of government have heretofore occurred in Mexico, to recognize and enter into official relations with the de facto government as soon as it should appear to have the approval of the Mexican people, and should manifest a disposition to adhere to the obligations of treaties and international friendship, In the present case such official recognition has been deferred by the occurrences on the Rio Grande border, the records of which have already been communicated to each House of Congress, in answer to their respective resolutions of inquiry. Assurances have been received that the authorities at the seat of the Mexican Government have both the disposition and the power to prevent and punish such unlawful invasions and depredations. It is carnestly to be hoped that events may The best interests of both countries require the maintenance of peace upon the border and the development of commerce between the two republics.

It is gratifying to add that this temporary interruption of official relations has not prevented due attention by the representatives of the United States in Mexico to the protection of American citizens, so far as practicable. Nor has it interfered with the prompt payment of the amounts due from Mexico to the United States under the treaty of July 4, 1868, and the awards of the joint commission. While I do not anticipate an interruption of friendly relations with Mexico, yet I cannot but look with some solici tude upon a continuance of border disorders as exposing the two countries to ini tiations of popular feeling and mischances of action which are naturally unfavorable to complete amity. Firmly determined that nothing shall be want ing on my part to promote a good understanding between the two nations, I yet must ask the attention of Congress to the actual occurrences on the border, that the lives and property of our citizens may be adequately protected and peace preserved. Another year has passed without bring-

ng to a close the protracted contest be tween the Spanish Government and the insurrection in the Island of Cuba. While the United States have sedulously abstained from any intervention in this contest, it is impossible not to feel that it is attended with incidents affecting the rights and interests of American citizens. Apart from the effect of the hostilities upand Cuba, their progress is inevitably accompanied by complaints, having more or less foundation, of searches, arrests, embargoes, and oppressive taxes upon the property of American residents, and of unprovoked interference with American vessels and commerce. It is due to the Government of Spain to say that, during the past year, it has promptly disavowed and offered reparation for any unauthorized acts of unduly zealous subordinates, whenever such acts have been brought to its attention. Nevertheless, such occurrences canance, suspicion, and resentment, which are friendly Powers.

Much delay (consequent upon accusations red in respect to the distribution of the limited amounts received from Venezuela under the treaty of April 25, 1866, applicable to the awards of the joint commission created by that treaty. So long as these matters are pending in Congress the Executive cannot assume either to pass upon the questions presented or to distribute the fund received. It is eminently desirable that definite legislative action should be

Our relations with the republics of Censtill a legal existence, although for several tral and South America, and with the emrears no appropriation has been made for pire of Brazil, have continued without sedefraying its expenses. Believing that this rious change further than the temporary interruption of diplomatic intercourse with Venezuela and with Guatemala. Amicable vice, I respectfully recommend that a suit- with Venezuela, and it is not doubted that all these countries there are favorable indi-It is my purpose to transmit to Congress cations of a disposition on the part of their as early as practicable a report by the chair- Governments and people to reciprocate our man of the Commission, and to ask your at- efforts in the direction of increased com-

The Government of the Samoan Islands has sent an envoy in the person of its Secretary of State to invite the Government of the United States to recognize and protect their independence, to establish commercial relations with their people, and to assist them in their steps toward regulated and responsible government. The inhabitants of these islands, having made considerable dency to disturb the amicable relations ex- progress in Christian civilization and the isting between the United States and each development of trade, are doubtful of their of the two contending Powers. An atti- ability to maintain peace and independence

ernment of Italy, availing itself of this them to devote attention to the question of faculty, has now given the required notice, methods by which trade between the rehowever, that the Italian Government clously fostered. In obedience to these instructions examinations and reports upon siring only certain modifications in some of this subject have been made by many of its articles. In this disposition I concur, these officers and transmitted to the Department, and the same are submitted to the

consideration of Congress. The annual report of the Secretary of the Treasury on the state of the finances presents important questions for the action of Congress, upon some of which I have already remarked.

The revenues of the Government during the fiscal year ending June 30, 1877, were \$269.000.586.62. The total expenditures for forces the marauders have generally ing a surplus of \$30,340,577.69. This has substantially supplied the requirements of the sinking fund for that year. The esti- the part of our troops for the mated revenues of the current fiscal year are \$265,500,000, and the estimated expenditures for the same period are \$232,430,-643.72. If these estimates prove to be correct there will be a surplus revenue of 833.069.356.28—an amount nearly sufficient Mexican authorities in efforts to this en for the sinking fund for that year. The es- and to assure them that I was anxious timated revenues for the next fiscal year are avoid giving the least offence to Mexic It appears from the report that during

the last fiscal year the revenues of the Gov- vasion of our territory by Lawless ! ernment, compared with the previous year, have largely decreased. This decrease. amounting to the sum of \$18,481,452.54, States and a well-selected exhibition of the was mainly in customs duties, caused partly by a large falling off of the amount of importcasion will tend to stimulate international ed dutiable goods, and partly by the general equal to the legal-tender value assigned to commerce and emigration, as well as to promote the traditional friendship between the of such articles as pay ad valorem taxes. While this is felt injuriously in the diminu-A question grose some time since as to tion of the revenue, it has been accompathe proper meaning of the extradition used with a very large increase of exporta- to guard that extensive border, peace n tions. The total exports during the last tiscal year, including coin, have been \$658,- our citizens in Texas fully protected 637,457, and the imports have been \$492,-097.540—leaving a balance of trade in favor of the United States amounting to the sum of \$166,539,917; the beneficial effects of a reduction of 2,500 below the fore which extend to all branches of business.

The estimated revenue for the next fiscal made, as required by law, entirely from year will impose upon Congress the duty of cessary. It is probable that all points strictly limiting appropriations, including vice, without any reduction of the cavalthe requisite sum for the maintenance of the settled, and, if need be, more explicit decla- | sinking fund, within the aggregate estimated receipts. While the aggregate of taxes should not

be increased, amendments might be made to necessary effect of this legislation is to minishing the revenue, relieve the people from unnecessary burdens. A tax on tea efficiency, and I concur with the and coffee is shown by the experience not of War in recommending that authority only of our own country, but of other coun- given to recruit all companies of infants tries, to be easily collected without loss by undervaluation or fraud, and largely borne in the country of production. A tax of ten in case of emergency, to increase the fa cents a pound on fea and two cents a pound | mer to 100 and the latter to 122 mea each on coffee would produce a revenue exceeding \$12,000,000, and thus enable Congress to repeal a multitude of annoying of War: taxes yielding a revenue not exceeding that sum. The internal-revenue sys tem grew out of the necessities of the war, and most of the legislation imposing taxes upon domestic products, under this system, has been repealed. By the substitution of a tax on tea and coffee all forms of internal taxation may be repealed except that on whiskey, spirits, tobacco, and beer. Attention is also called to the necessity of enacting more vigorous laws for the protection of the revenue and for the punishment of frauds and smuggling. This can best be done by judicious provisions that will induce the disclosure of attempted fraud by undervaluation and smuggling. All revenue laws should be simple in their provisions and easily understood. So far as practicable the rates of taxation should be in the form of specific duties, and not ad valorem, requiring the judgment of experienced men to ascertain values, and exposing the revenue to the temptation of fraud.

'My attention has been called during the recess of Congress to abuses existing in the collection of the customs, and strenuous efforts have been made for their correction ov Executive orders. The recommendations ubmitted to the Secretary of the Treasury oven commission appointed to examine into he collection of customs duties at the port of New York contain many suggestions for the modification of the customs laws, to which the attention of Congress is invited. It is a matter of congratulation that, notwithstanding the severe burdens caused by the war, the public faith with all creditors has been preserved, and that as the result of this policy the public credit has continuously advanced, and our public securities are regarded with the highest favor in the markets of the world. I trust that no act of the Government will cast a shadow upon its credit.

The progress of refunding the public debt has been rapid and satisfactory. Under the fiscal year to have been \$4,313,509.10. contract existing when I entered upon the discharge of the duties of my office, bonds bearing interest at the rate of 41 per cent. were being rapidly sold, and within three months the aggregate sales of these bonds had reached the sum of \$200,000,000. With my sanction the Secretary of the Treasury entered into a new contract for the sale of four per cent. bonds, and within thirty days after the popular subscription for such bonds was opened subscriptions were had amounting to \$75,496,550, which were paid for within ninety days after the date of subscription. By this process, within but little more than one year, the annual interest on the public debt was reduced in the sum of \$3,775,000. I recommend that suitable provision be made to enable the people to easily convert their savings into Government securities as the best mode in which small savings may be well secured and yield a moderate interest. It is an object of public policy to retain among our own people the securities of the United States. In this way our country is guarded against their sudden return from the expenditures and receipts appertaining foreign countries, caused by war or other disturbances beyond our timits.

The commerce of the United States with foreign nations, and especially the export of domestic productions, has of late years largely increased; but the greater portion of this trade is conducted in foreign vessels. The importance of enlarging our foreign trade, and especially by direct and speedy interchange, with countries on this continent cannot be over-estimated; and it is a matter of great moment that our own shipping interest should receive, to the utmost practical extent, the benefit of our commerce with other lands. These considerations are forcibly urged by all the large commercial cities of the country, and public attention is generally and wisely attracted to the solution of the problems they present. It is not doubted that Congress will take them up in the broadest spirit of liberality, and respond to the public demand by practical legislation upon this important

The report of the Secretary of War shows that the army has been actively employed during the year, and has rendered very important service in suppressing hostilities in delays, to the great injury and even oppres the Indian country, and in preserving peace and protecting life and property in the interior as well as along the Mexican border. A long and arduous campaign has sketched in the report, of increasing the been prosecuted, with final complete success, against a portion of the Nez Perces and, by means of this addition to the juditribe of Indians. A full account of this cial force of creating an Intermediate Court campaign will be found in the report of the of Errors and Appeals, or whether some General of the Army. It will be seen that other mode can be devised for obviating the in its course several severe battles were fought, in which a number of gallant offi- mature consideration. cers and men lost their lives. I join with the Secretary of War and the General of the Army in awarding to the officers and men our relations with them, are fully set forth employed in the long and toilsome pursuit, and in the final capture of these Indians, the honor and praise which are so justly their due.

The very serious riots which occurred in necessary the employment of a considerable our regret at their occurrence-we are now portion of the army to preserve the peace at peace with all the Indian tribes within of the public schools of the country. He also recommends a national undersity, which is what ought never to be established by Congress.

There are other matters touched upon by the President, But they are of minor importances, a plain, cancelse, unprefentious decument. Its a plain, cancelse, unprefentious decument. Its a plain, cancelse, unprefentious decument. Its of say what he means. We commend it to say what he means. We commend it to say what he means, we commend at the means and the methods, so far from a voice, taken to make the means and the methods, so far from a voice, and the suppression of domestic captains of the suppression of domestic captains of last the midst of their hostilities, both and the Tarkish Governments and the Tarkish Go and maintain order. In the States of West our borders. To preserve that peace by a The persons at least the property of the prope

great prudence and courage, and for the services deserve the thanks of the country Disturbances along the Rio Grande, Texas, to which I have already referred have rendered necessary the constant en ployment of a military force in that vicin ity. A full report of all recent military operations in that quarter has been tranmitted to the House of Representatives

> the purpose of robbery have been of fre quent occurrence, and in spite of the movigilant efforts of the commander of on ceeded in escaping into Mexico with the plunder. In May last I gave orders to the exercise of the utmost vigilance pression of these raids, and the ishment of the guilty parties, as w the recapture of property stolen by then General Ord, commanding in Texas, v directed to invite the cooperation of t the same time he was directed to give of my determination to put an end to the intent upon the plunder citizens, even if the effectual punishment the outlaws should make the crossing of the border by our troops, in their pursuit, ne sary. It is believed that this n the effect to check somewhat these de of our force upon that frontier and the r. lishment of several additional military along the Rio Grande, so as more effect

answer to a resolution of that body, and

will therefore not be necessary to enter int

details. I regret to say that these lawles

incursions into our territory by armo-

bands from the Mexican side of the line to

Prior to the 1st day of July last the was, in accordance with law, reduced the maximum of 25,000 enlisted men. infantry and artillery branche-Under the law as it now stands, it is need sary that the cavalry regiments be regruite to 100 men in each company for the Mexican and Indian frontiers, T service below the number required to to at least 50 men, and all batteries artillery to at least 75 men, with the po I invite your special attention to the for

be preserved, and the lives and prope

lowing recommendations of the Secretar First. That provision be made for small ing to the army a more abundant and bensupply of reading matter. Congress looking to a complete revision and

Third. That section 1258 of the Review Statutes, limiting the number of officers the retired list, be repealed Fourth. That the claims the act of July 4, 1864, for supplies take the offices of the Quartermaster- and Commissary-Generals and transferred to Southern Claims Commission, or some of ties for their prompt investigation and do sion than are possessed by these officers Fifth. That Congress provide for an a nuity fund for the families of deceased sal diers, as recommended by the Paymaster-

The report of the Secretary of the Nav

General of the army.

shows that we have six squadrons now en gaged in the protection of our foregueou merce and other duties pertaining to the a val service. The condition and operations the Department are also shown. The total expenditures for the fiscal year ending Jun 30, 1877, were \$16,077,974.54. There unpaid claims against the Department, chargeable to the last year, which are presented to the consideration of Congress by the report of the Secretary. The estimatefor the fiscal year commencing July 1, 1878. are \$16,233,234.40-exclusive of the sum of \$2,314,231, submitted for new buildings, repairs, and improvements at the several navy yards. The appropriations for the present tiscal year, commencing July 1, 1877, and \$13,592,932.90. The amount drawn from the Treasury from July 1 to November 1. 1877, is \$5,343,037.40, of which there is estimated to be yet available \$1,029,528,30showing the amount of actual expenditure during the first four months of the present

The report of the Postmaster-General contains a full and clear statement of the operations and condition of the Post-Offic Department. The ordinary revenues of the Department for the fiscal year ending June 30, 1877, including receipts from the money order business and from official stamps and stamped envelopes, amounted to the sum of \$27,531,585.26. The additional sum of \$5.-013,000 was realized from appropriations from the general treasury for various purposes, making the receipts from all sources \$34,544,885.26. The total expenditures during the fiscal year amounted to \$33,486,322.44, leaving an excess of of \$1,058,562.82, and an excess of

total receipts over total expenditures total expenditures over ordinary receipts of \$5,954,737.18. Deducting from the total receipts the sum of \$62,261.84 received from international money-orders of the preceding fiscal year, and deducting from the total expenditures the sum of \$1,163,818.20 paid on liabilities incurred in previous tiscal years. to the business of the last fiscal year were as follows:

Expenditures. postage-stamps.....

Excess of expenditures...... \$ 4,854,180 82 The ordinary revenues of the Post-Office Department for the year ending June 30. 1876, are estimated at an increase of three per cent. over those of 1877, making \$29,034,098.28, and the expenditures for the same year are estimated at \$36,427,771. leaving an estimated deficiency for the year 1879 of \$7,393,672.72. The additional legislation recommended by the Postmaster-General for improvements of the mail service, and to protect the postal revenues from the abuses practiced under existing laws, is respectfully commended to the

careful consideration of Congress. The report of the Attorney-General con tains several suggestions as to the administration of justice, to which I invite you attention. The pressure of business in the Supreme Court and in certain Circuit Courts of the United States is now such that serious sion of suitors, occur, and a remedy should be sought for this condition of affairs. Whether it will be found in the plan briefly number of judges of the Circuit Courts. difficulties which now exist, I leave to your

The present condition of the Indian tribes on the territory of the United States, and in the reports of the Secretary of the Interior and the Commissioner of Indian Affairs. After a series of most deplorable conflicts-the successful termination of which, while reflecting honor upon the brave solseveral of the States in July last rendered diers who accomplished it, cannot lessen